

# **Government Life Insurance Programs for Veterans and Members of the Uniformed Services**



**Department of Veterans Affairs  
Regional Office and Insurance Center  
Philadelphia, PA  
January 2000**

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# *Insurance Service Mission, Vision and Goals*

I

## **Mission:**

**All Insurance Programs** - To provide life insurance benefits to veterans and servicemembers that are not available from the commercial insurance industry due to lost or impaired insurability resulting from military service. Benefits and services will be provided in an accurate, timely and courteous manner and at the lowest achievable administrative cost. Insurance coverage will be provided in reasonable amounts at competitive premium rates and with policy features comparable to those offered by commercial companies. A competitive, secure rate of return will be ensured on investments held on behalf of the insureds.

**Insurance Programs Closed to New Policies(WWI, WWII, Korea)** - To provide the same or better life insurance benefits than were available to private citizens when these programs were established. These include the National Service Life Insurance (NSLI), United States Government Life Insurance (USGLI), Veterans' Special Life Insurance (VSLI) and Veterans' Reopened Insurance (VRI) programs.

**Disabled Veterans Insurance Programs** - To provide insurance protection to veterans who have lost their ability to purchase commercial insurance at standard (healthy) rates because of their service-connected disabilities. These include the Service Disabled Veterans Insurance (S-DVI) and the Veterans' Mortgage Life Insurance (VMLI) programs.

**Uniformed Services and Post-Vietnam Veterans** - To provide insurance coverage and services to active duty and reserve members of the uniformed services that are commonly provided by large scale civilian employers. These include the Servicemembers' Group Life Insurance (SGLI) and the Veterans' Group Life Insurance (VGLI) programs.

## **Vision:**

**VBA's Insurance program will be an organization which:**

- **provides fast, convenient access for our policyholders and beneficiaries;**
- **provides customer communications which are fully explained, clear, timely and courteous;**
- **provides insurance services that are equal or superior to those provided by the best commercial insurance companies; and**
- **provides these services at substantially lower cost than commercial companies.**

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## **Goals:**

### **Fiscal Year 1999 Customer Service Goals:**

<b>Customer Service Goals For Fiscal Year 1999</b>	<b>Fiscal Year 1999 Actual</b>
Receive high veterans' satisfaction ratings on at least 93% of services delivered.	96% of veterans surveyed said they were satisfied or very satisfied
Receive low veterans' satisfaction ratings on no more than 4% of veterans' ratings.	1% of veterans surveyed said they were unsatisfied or very unsatisfied
Toll-free telephone blockage (busy signals) will be no more than 19% of call attempts.	6% of calls were blocked on the first try
Callers will be put on hold waiting for an insurance specialist no more than 32 seconds.	20 seconds hold time
Disbursements will be at least 99% accurate.	99% accurate
Disbursements will be worked on average within 3.5 workdays.	3.2 workdays

### **Fiscal Year 2000 Customer Service Goals:**

<b>Customer Service Goals For Fiscal Year 2000</b>	<b>Fiscal Year 2000 actuals Will be available at the end of 2000, and will be Reported in the January 2001 edition of this booklet.</b>
Receive high veterans' satisfaction ratings on at least 95% of services delivered.	
Receive low veterans' satisfaction ratings on no more than 2% of veterans' ratings.	
Toll-free telephone blockage (busy signals) will be no more than 6% of call attempts.	
Callers will be put on hold waiting for an insurance specialist no more than 21 seconds.	
Disbursements will be at least 99% accurate.	
Disbursements will be worked on average within 3.0 workdays.	

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# *Program Information*

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II



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# History of VA Life Insurance Programs

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## War Risk Insurance Act (1914)

The United States Government first became involved in the insurance business when war broke out in Europe in 1914. Although President Wilson declared America neutral, commercial merchant ships supplied war materials to the allies in the war against Germany. Owners of these merchant ships could not get marine insurance from commercial companies. Congress passed the War Risk Insurance Act on September 2, 1914, providing marine insurance protection for merchant ships supplying the allies.

America entered the war against Germany in April 1917. Life insurance issued by commercial life insurers either excluded protection against the extra hazards of war, or if such protection was included, the premium rates were much higher than the normal rate. The War Risk Insurance Act was amended on June 12, 1917, to cover merchant marine personnel. The Act was again amended on October 6, 1917, authorizing, for the first time, issuance of government life insurance to members of the armed forces. Over 4 million policies were issued during World War I.

## United States Government Life Insurance (1919-1940)

The United States Government Life Insurance program (USGLI) was established in 1919 and replaced War Risk policies. Individuals could keep this coverage after separation from service.

## National Service Life Insurance (1940-1951)

The National Service Life Insurance program (NSLI) was established in 1940 to meet the insurance needs of World War II military personnel and veterans. Like USGLI coverage, insureds could keep their NSLI coverage after discharge from service.

## Servicemen's Indemnity Insurance (1951-1956)

In 1951, NSLI was replaced by Servicemen's Indemnity Insurance which automatically covered active duty servicemembers for \$10,000 at no cost to the individual. Servicemembers remained covered for 120 days after their discharge.

## Veterans' Special Life Insurance (1951-1956)

Discharged servicemembers who had Servicemen's Indemnity Insurance could replace their coverage with Veterans' Special Life Insurance (VSLI). VSLI was established in 1951 to meet the insurance needs of veterans who served during the Korean Conflict, and the post Korean period through January 1, 1957.

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In the early 1950's, commercial life insurance companies began to view the government's life insurance programs for veterans as competition for their business and began lobbying Congress to remove the government from the life insurance business. As a result, the Veterans' Special Life Insurance program was closed to new issues at the end of 1956.

## **Service-Disabled Veterans Insurance (1951-Present)**

The only new insurance issued between 1957 and 1965 to either servicemembers or veterans was Service-Disabled Veterans Insurance. This insurance was (and still is) available to veterans with a service-connected disability.

## **Veterans' Reopened Insurance (1965-1966)**

Veterans' Reopened Insurance (VRI) was opened in 1965 to provide coverage for certain classes of disabled veterans, mainly from World War II and the Korean Conflict. Members who had dropped their NSLI or USGLI coverage and who had a service connected disability, or a non-service connected disability that made them uninsurable, had a one year period to apply for \$10,000 of coverage.

## **Servicemembers' Group Life Insurance(1965-Present)**

To meet the insurance needs of Vietnam Era servicemembers, the government entered into a cooperative effort with the private insurance industry. In 1965, the Servicemembers' Group Life Insurance (SGLI) program was established. This program provides low-cost term insurance protection to servicemembers through a group policy issued by a commercial life insurance company. Under this policy, the government agrees to pay the claim costs resulting from the extra hazards of service. All other costs of the program are covered by the premiums deducted from the servicemember's pay.

## **Veterans' Group Life Insurance (1974-Present)**

In 1974, the Veterans' Group Life Insurance (VGLI) program became available to veterans, providing term insurance protection after separation from service.

## **Veterans' Mortgage Life Insurance (1971-Present)**

This program was established to provide mortgage protection life insurance to severely disabled veterans who have received grants for the purchase of specially adapted housing.

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# Program Administration

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## The Department Of Veterans Affairs Insurance Center

The Department of Veterans Affairs Regional Office and Insurance Center in Philadelphia manages the government life insurance programs.

For the six insurance programs that are administered directly by the Department of Veterans Affairs, the Insurance Service in Philadelphia is responsible for:

- collecting premiums
- processing policy actions (change of address, loans, cash surrenders, etc.)
- paying death and disability claims
- performing all actuarial functions
- formulating policy, plans and procedures
- evaluating performance of the Insurance program and
- designing, developing, installing and maintaining application software which supports the life insurance programs.

The Insurance Service in Philadelphia also supervises the Servicemembers' and Veterans' Group Life Insurance (SGLI/VGLI) programs. The SGLI/VGLI group life insurance policy is issued by The Prudential Insurance Company of America. SGLI and VGLI provide coverage for members of the uniformed services, reservists and post-Vietnam veterans. The Office of Servicemembers' Group Life Insurance (OSGLI) in Newark, New Jersey administers the day-to-day operations of SGLI and VGLI.

## Size Of VA Insurance Programs

According to the most recent data available, in 1998, VA was the 5<sup>th</sup> largest insurer in the country with 5.2 million individuals insured for \$500 billion.

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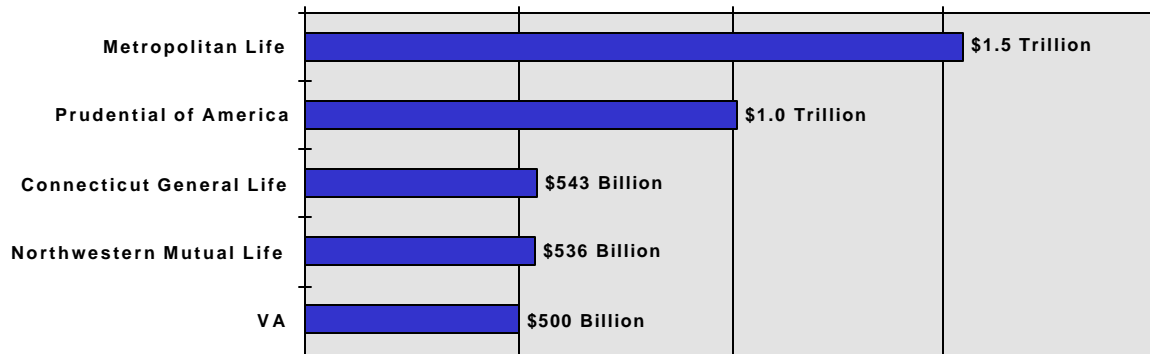
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### 1998 RANKINGS BY TOTAL LIFE INSURANCE IN-FORCE



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# ***Program Descriptions***

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## **. Administered Programs**

- United States Government Life Insurance
- National Service Life Insurance
- Veterans' Special Life Insurance
- Veterans' Reopened Life Insurance
- Service-Disabled Veterans Insurance
- Veterans' Mortgage Life Insurance

## **. Supervised Programs**

- Servicemembers' Group Life Insurance
- Veterans' Group Life Insurance

## Insurance Highlights (As of September 30, 1999)

Policy Prefix		Open Era Issue Dates	Number of Policies In Force	Average Age	Deaths per 1,000	For More Information See Page
<b>ADMINISTERED PROGRAMS:</b>						
USGLI	K	January 1, 1919 to April 24, 1951	17,973	82.6	83.5	13
NSLI	V	October 8, 1940 to April 24, 1951	1,802,101	75.4	46.5	15
	H	August 1, 1946 to December 31, 1949	NA	NA	NA	16
VSLI	RS, W	April 25, 1951 to December 31, 1956	233,893	67.6	19.0	17
VRI	J, JR, JS	May 1, 1965 to May 2, 1966	82,545	76.0	51.0	19
S-DVI	RH	April 25, 1951 to Present	154,410	54.7	27.5	21
VMLI	N/A	August 11, 1971 to Present	3,518	50.1	42.6	23
<b>SUPERVISED PROGRAMS:</b>						
SGLI	N/A	September 29, 1965 to Present	2,328,500	30.5	0.67	25
VGLI	N/A	August 1, 1974 to Present	363,660	38.7	2.71	28
<b>TOTAL NUMBER OF POLICIES.....</b>			<b>4,986,600</b>			
<b>TOTAL FACE AMOUNT OF INSURANCE.....</b>				<b>\$484,616,832,433</b>		

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# United States Government Life Insurance

## USGLI (Policies Prefixed by K)

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### History Of The USGLI Program

The United States Government Life Insurance program was the government's first venture into life insurance. During WWI, the U.S. provided Marine Insurance to protect the interests of ship owners and merchants who were providing supplies to the allies in Europe. USGLI was the natural outgrowth of this Marine Insurance. The program was established to meet the needs of World War I veterans, but remained open to servicemembers and veterans with service before October 8, 1940. The government became a self insurer since private insurance companies were unwilling to assume the unpredictable risks associated with a war. By establishing this program, Congress intended to avoid the financial burden imposed on the government by the pension programs that were established after previous wars. The government became the largest life insurer in the U.S. with the coverage provided by this program.

### Premiums Are No Longer Paid

The USGLI program operates from a strong financial position.

- We currently have \$85.2 million in trust fund reserves set aside.
- These funds are invested in U.S. Treasury Securities and policy loans with an average rate of return of 6.5%.
- Because of the strong financial position of this program, all USGLI policies were declared paid-up as of January 1, 1983. ***We no longer collect premiums from policyholders in this program.***

### Dividends Paid To USGLI Policyholders

Dividends are paid on all but a few USGLI policies.

- Reserves set aside in the trust funds continue to earn interest each year in excess of what is needed to pay future claims, allowing us to pay dividends.
- In 2000, we will pay approximately \$3.5 million in dividends to USGLI policyholders. This is an average of \$204.57 per policyholder.

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## Disability Provisions

USGLI policies (except Special Endowment at Age 96) contain a provision which matures the policy upon the insured's total permanent disability. Under this provision:

- Proceeds are payable in installments of \$5.75 monthly per \$1,000 of insurance, as long as the insured remains totally and permanently disabled, with 240 payments guaranteed.
- If the insured dies before all guaranteed installments have been paid, the balance is payable to his or her named beneficiary.
- No additional premium is charged.
- There is no limit as to the age at which a disability may occur.

As of September 30, 1999, 165 USGLI policyholders were receiving monthly payments under this provision.

### **USGLI Historical Information:**

Opened _____	January 1, 1919
Closed (Non-WWI Veterans) _____	October 8, 1940
Closed (WWI Veterans) _____	April 24, 1951
Number of Policies Issued ( <i>new issues and conversions</i> <i>from War Risk Insurance</i> ) _____	1,153,000
Face Value of Policies Issued _____	\$4,857,600,000
Average Amount of Policies Issued _____	\$4,213

### **USGLI Current Information:**

Number of Policies in Force _____	17,973
Face Value of Policies in Force _____	\$59,039,453
Average Amount of Policy in Force _____	\$3,285
Average Attained Age _____	82.6
Average Annual Death Rate _____	83.5 per 1,000
Total Investments of USGLI Fund _____	\$85,184,686
Average Rate of Return on Investments FY 1999 _____	6.5%
Total Disbursements FY 1999 _____	\$12,141,645
Dividend Distribution 2000 _____	\$3,500,000
Average Dividend 2000 _____	\$204.57

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# **National Service Life Insurance**

## **NSLI (Policies Prefixed by V, H, N or AN)**

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### **History Of The NSLI Program**

Most of the policyholders who have insurance under this program served during World War II. The program opened October 8, 1940, when it became clear that large scale military inductions were imminent. Over 22 million policies were issued under the NSLI program. The majority of policies VA administers directly are NSLI policies. This program remained open until April 25, 1951, when two new programs were established for Korean War servicemembers and veterans.

The NSLI program provides for:

- A maximum amount of \$10,000 insurance coverage;
- Individual policies issued to each policyholder;
- Certain contractual rights whereby a policyholder can bring a suit against VA in a U.S. District Court. Administrative decisions of the Board of Veterans Appeals can be appealed to the U.S. Court of Appeals for Veterans Claims.

### **Premium Rates “Capped” For Term Policies**

NSLI “V” term policies can be renewed indefinitely. At the older ages, premium rates increase significantly to cover the higher death rates at those ages. Although we continually encouraged term policyholders to convert to a permanent plan of insurance (which has fixed premium rates), many policyholders retained their term coverage.

As term policyholders reached their sixties and seventies, they found it difficult to pay the high premium rates. This situation received much Congressional interest as policyholders petitioned their representatives for financial relief. In 1984, the Insurance Actuarial Staff developed a partial solution to the problem by “capping” premium rates at the age 70 rate. This means that a term policyholder’s premium will never increase over the age 70 premium rate.

### **Dividends Paid To NSLI Policyholders**

After the reserve level requirements are determined by the Insurance Actuarial Staff, any surplus funds are returned to policyholders as a dividend.

- In 2000, a total of \$591.0 million in dividends will be distributed to NSLI policyholders. This is an average dividend of \$386.29 per policyholder.
- The 2000 average dividend is about 0.3% higher than that paid in 1999.

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## Disability Provisions

All NSLI policies provide for

- A waiver of premiums at no extra cost if the insured becomes totally disabled for six months or longer prior to age 65.
- An optional Total Disability Income Provision covering disability before age 65, providing a monthly income of up to \$100 per month, as long as total disability continues. (See page 42 for more details.)

## "H" Insurance

"H" policies were issued between August 1, 1946, and December 31, 1949, to veterans with service-incurred disabilities.

On November 11, 1998, the President signed into law the 'Veterans Programs Enhancement Act of 1998' (Public Law 105-368), which contained provisions affecting VA benefits. Included in the legislation was the merger of "H" policies into the regular NSLI "V" policies. Under the new law:

- All "H" policies were converted to "V" policies effective January 1999.
- Converted policies now have the same premium rates and policy provisions as "V" policies.
- "H" policyholders now receive dividends.

### **NSLI Historical Information:**

Opened _____	October 8, 1940
Closed _____	April 24, 1951
Number of Policies Issued _____	22,177,000
Face Value of Policies Issued _____	\$173,765,000,000
Average Amount of Policies Issued _____	\$7,835

### **NSLI Current Information:**

Number of 5-year Term Policies in Force _____	457,648
Number of Permanent Plan Policies in Force _____	1,344,453
Face Value of Policies in Force _____	\$17,661,884,522
Average Amount of Policy in Force _____	\$9,801
Average Attained Age _____	75.4
Average Annual Death Rate _____	46.5 per 1,000
Total Investments of NSLI Fund _____	\$12,928,716,857
Average Rate of Return on Investments FY 1999 _____	7.7%
Total Disbursements FY 1999 _____	\$1,648,520,632
Dividend Distribution 2000 _____	\$591,000,000
Average Dividend 2000 _____	\$386.29

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# Veterans' Special Life Insurance

## VSLI (Policies Prefixed by RS or W)

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### History Of The VSLI Program

This insurance program was established in 1951 to meet the insurance needs of veterans who served during the Korean Conflict, and the post Korean period through January 1, 1957. During this period, all servicemembers on active duty were covered for \$10,000, at no cost, under a program known as Servicemen's Indemnity. They remained covered for 120 days after their discharge. The VSLI program allowed these newly discharged servicemembers to apply for \$10,000 of contract term insurance. Application had to be made during the 120-day period during which they remained covered by Servicemen's Indemnity. It was during this period that representatives of the commercial insurance industry began a major lobbying effort to get the government out of the insurance business because the programs were viewed as competition. As a result, the VSLI program was closed to new issues at the end of 1956, and coverage for individuals in the services was terminated. Approximately 800,000 VSLI policies were issued between 1951 and 1957.

### Features Of "RS" And "W" Policies

There are two types of VSLI policies:

#### **"RS" - five-year level premium term policies:**

- These were the original policies available in this program.
- "RS" policies can remain in force as 5 Year Level Premium Term beyond the age of 50.
- To provide financial relief from the high premium rates at advanced ages, "RS" term premiums were capped at the age 70 renewal rate effective May 1, 1989. This means that the annual premium for these policies will not exceed \$69.73 per \$1,000 of coverage.

#### **"W" - five-year level premium term policies:**

- A 1959 legislative change permitted "RS" policyholders to convert to permanent plans or to exchange their policies for a special lower premium term policy. These newer policies are identified by the prefix "W."
- To avoid "W" term policyholders from keeping their policies into advanced ages (when premiums are very high), these policies had to be converted to permanent plans before age 50, or coverage ceased. There are no longer any "W" term policyholders eligible for this conversion.

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## Dividends Paid To VSLI Policyholders

In 2000, a total of \$95.6 million in dividends will be distributed to VSLI policyholders.

- This is an average dividend of \$443.69 per policyholder.
- The 2000 average dividend is about 1.7% lower than that paid in 1999. The lower dividends reflect lower interest rates earned on the reserves held for these policies.

## Disability Provisions

All VSLI policies provide for:

- A waiver of premiums at no extra cost based on the insured's total disability lasting six months or longer and starting before age 65.
- An optional Total Disability Income Provision covering disability before age 65, providing a monthly income of \$10 per \$1,000 of insurance, was available at an extra cost.

### **VSLI Historical Information:**

Opened _____	April 25, 1951
Closed _____	December 31, 1956
Number of Policies Issued _____	803,111
Face Value of Policies Issued _____	\$7,349,178,500
Average Amount of Policies Issued _____	\$9,151

### **VSLI Current Information:**

Number of 5-year Term Policies in Force _____	20,852
Number of Permanent Plan Policies in Force _____	213,041
Face Value of Policies in Force _____	\$2,698,956,526
Average Amount of Policy in Force _____	\$11,539
Average Attained Age _____	67.6
Average Annual Death Rate _____	19.0 per 1,000
Total Investments of VSLI Fund _____	\$1,817,483,847
Average Rate of Return on Investments FY 1999 _____	8.7%
Total Disbursements FY 1999 _____	\$183,735,105
Dividend Distribution 2000 _____	\$95,600,000
Average Dividend 2000 _____	\$443.69

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## Veterans' Reopened Insurance VRI (Policies Prefixed by J, JR, or JS)

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### History Of The VRI Program

In 1964, Congress enacted legislation providing for a limited reopening of NSLI and VSLL. Beginning May 1, 1965, veterans who had been eligible to obtain insurance between October 8, 1940 and January 1, 1957, could once again apply for government life insurance. They had one year to apply for this "reopened" insurance which was available *only* to disabled veterans. Approximately 228,000 VRI policies were issued. No term insurance policies were issued in this program.

### Premium Rates

Premium rates for this insurance depend on the nature and severity of the disability.

<b>If the disability is:</b>	<b>the premium rate:</b>
Service-connected	varies from standard to a maximum of some two to three times the standard
Non-service-connected but serious	varies from two to three times the standard to a maximum of \$50 per month plus the standard monthly premium rate per \$1,000 of insurance

Favorable claim rates and rising interest levels made possible the following premium changes and reductions:

<b>Effective</b>	
October 1970	Premium rates were reduced by an average of 18 percent for all policies with "J" prefixes (those policies issued at standard rates).
October 1976	Premium rates were reduced by an average of 22 percent for all "J" policies and 34 percent for all "JR" policies.
October 1977	All premium paying "JS" policies were declared fully paid-up.
May 1, 1989	The administrative cost premium was eliminated. Program costs are paid from the excess earnings of the program.

### Dividends Paid To VRI Policyholders

The VRI program began paying dividends in 1980 in order to more equitably distribute the surplus earnings of the program. A total of \$21.6 million in dividends will be paid to VRI policyholders in 2000.

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## Disability Provisions

VRI policies provide for:

- A waiver of premium at no extra cost based on the insured's total disability lasting six months or longer, and starting prior to age 65.
- An optional total disability income benefit covering disability occurring before age 65 for "J" policyholders. (This is **not** available on policies prefixed by "JR" or "JS".) Payments are made at the rate of \$10 monthly per \$1,000 of coverage, as long as the insured remains totally disabled.

### **VRI Historical Information:**

Opened _____	May 1, 1965
Closed _____	May 2, 1966
Number of Policies Issued _____	227,882
Face Value of Policies Issued _____	\$1,601,504,500
Average Amount of Policies Issued _____	\$7,028

### **VRI Current Information:**

Number of Policies in Force _____	82,545
Face Value of Policies in Force _____	\$675,118,517
Average Amount of Policy in Force _____	\$8,179
Average Attained Age _____	76.0
Average Annual Death Rate _____	51.0 per 1,000
Total Investments of VRI Fund _____	\$547,455,608
Average Rate of Return on Investments FY 1999 _____	7.8%
Total Disbursements FY 1999 _____	\$64,561,747
Dividend Distribution 2000 _____	\$21,600,000
Average Dividend 2000 _____	\$310.60

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## Service-Disabled Veterans Insurance S-DVI (Policies Prefixed by RH or ARH)

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### History Of The S-DVI Program

In addition to Veterans' Special Life Insurance, which was provided to healthy veterans, the Insurance Act of 1951 also established the Service-Disabled Veterans Insurance (S-DVI) program for veterans with service-connected disabilities. S-DVI is open to veterans separated from the service on or after April 25, 1951, who receive a service-connected disability rating of 0% or greater. New policies are still being issued under this program. During fiscal year 1999, 3,571 new S-DVI policies were issued.

### Eligibility For S-DVI Insurance ("RH")

Veterans are eligible to apply for S-DVI if:

- They have received a rating for a service-connected disability.
- They apply for the insurance within two years from the date they are notified that service-connection has been established. (Public Law 102-86 extended the initial one-year limit for service-connection grants made on or after September 1, 1991.)

### Eligibility For Supplemental S-DVI ("Supplemental RH")

The Veterans' Benefits Act of 1992, provided for \$20,000 of supplemental coverage to S-DVI policyholders. ***Premiums may not be waived on this supplemental coverage.*** S-DVI policyholders are eligible for this supplemental coverage if:

- They are eligible for a waiver of premiums.
- They apply for the coverage within one year from notice of the grant of waiver.

Between December 1992 and September 1999, VA approved 12,712 applications for "supplemental RH".

### Gratuitous S-DVI ("ARH")

Congress enacted legislation in 1959 to protect veterans who become incompetent from a service-connected disability while eligible to apply for S-DVI, but who die before an application is filed. "ARH" insurance is:

- Issued posthumously;
- Payable to a preferred class of the veteran's relatives;
- Payable in a lump sum only.

*(Conditions for eligibility and payment are discussed in greater detail on page 57.)*

**QUESTIONS?**

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## Premiums For S-DVI Insurance

The premiums charged for this coverage are:

- Based on the rates a healthy individual would have been charged when the program began in 1951.
- Waived for totally disabled veterans (27% of S-DVI policyholders).
- Insufficient to pay all of the claims because the program insures many veterans with severe disabilities.
- Supplemented on an annual basis by Congressional appropriations.

There are no reserves or surplus funds in this program. Therefore, dividends are *not* paid.

## Disability Provisions

S-DVI policies (except supplemental coverage) provide for the following disability benefits:

- A waiver of premiums at no extra cost based on the insured's total disability lasting six months or longer and starting before age 65;
- A total disability premium waiver in cases where the total disability commenced prior to the effective date of the policy, providing the total disability is service-connected.

The optional Total Disability Income Provision is not available under this program.

### **S-DVI Historical Information:**

Opened _____	April 25, 1951
Number of Policies Issued _____	369,250
Face Value of Policies Issued _____	\$3,430,434,549
Average Amount of Policies Issued _____	\$9,290

### **S-DVI Current Information:**

Number of 5-year Term Policies in Force _____	64,220
Number of Permanent Plan Policies in Force _____	90,190
Face Value of Policies in Force _____	\$1,440,384,301
Average Amount of Policy in Force _____	\$9,328
Average Attained Age _____	54.7
Average Annual Death Rate _____	27.5 per 1,000
Total Disbursements FY 1999 _____	\$60,369,226

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Percentage of Policies on Premium Waiver	27%
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# Veterans' Mortgage Life Insurance

## VMLI

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### History Of The VMLI Program

The Veterans' Mortgage Life Insurance (VMLI) program began in 1971, and is designed to provide financial protection to cover eligible veterans' home mortgages in the event of death. In the strict sense of the word, this is actually mortgage insurance. VMLI is issued to those severely disabled veterans who have received grants for Specially Adapted Housing from VA. These grants are issued to veterans whose movement is substantially impaired because of their disability.

The maximum amount of VMLI allowed an eligible veteran is \$90,000. The insurance is payable if the veteran dies before the mortgage is paid off. We will pay the amount of money still owed on the mortgage up to \$90,000. ***The insurance is payable only to the mortgage lender.***

### Eligibility For VMLI

The insurance is restricted to those veterans who receive grants for the purchase of Specially Adapted Housing under the authority of title 38, US Code, chapter 21. Grants are available to veterans who are entitled to compensation for service-connected, permanent and total disabilities for one or more of the following conditions:

- 1) Loss or loss of use of both legs.
- 2) Blindness in both eyes plus the loss or loss of use of one leg.
- 3) Loss or loss of use of one leg with residuals of organic disease or injury which affects balance or propulsion.
- 4) Loss or loss of use of one leg together with the loss or loss of use of one upper extremity which affects balance or propulsion.

VMLI coverage ceases at age 70.

### Coverage Amounts

VMLI coverage decreases as the insured's mortgage falls below \$90,000. This reduced coverage cannot be reinstated. For example, if the insured has a \$125,000 mortgage on his or her home, then:

- the maximum amount of VMLI insurance coverage is \$90,000.
- coverage will remain at \$90,000 until the mortgage balance goes below that amount.
- as the mortgage balance decreases below \$90,000, the difference between \$90,000 and the mortgage balance cannot be reinstated for that particular home.

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However, if the home is sold and a new home is purchased the veteran becomes eligible once again for the maximum amount of coverage.

## Payment of VMLI proceeds

Certain conditions apply to the payment of VMLI benefits:

- The insurance is payable at the death of the veteran only to the mortgage holder.
- If the title of the property is shared with anyone other than the veteran's spouse, the insurance coverage is only for the percentage of the title that is in the veteran's name.
- No insurance is payable if the mortgage is paid off before the death of the insured or if it was paid off by other mortgage insurance before the VMLI payment is made.
  - \* This is important to consider if the veteran is thinking of purchasing mortgage insurance in addition to VMLI, or if he or she has obtained a mortgage through a state veterans program that requires them to enroll in the state's insurance program (California and Oregon have such programs). Some mortgage insurance programs will pay the outstanding mortgage balance first and *then* pay any remaining money directly to a named beneficiary. Others, like VMLI, will only pay the outstanding mortgage balance to the mortgage company - no further payments are made. Therefore, if there is duplicate coverage, a veteran's next of kin would be encouraged to contact VA **first** for the payment of VMLI benefits and *then* file a claim with other programs. However, there is no guarantee of an additional payment even if the VMLI insurance is paid first.

The insurance will be canceled for any of the following conditions:

- 1) The veteran's 70th birthday.
- 2) The mortgage is paid in full.
- 3) Termination of the veteran's ownership of the property securing the loan.
- 4) The request of the veteran.
- 5) Failure of the veteran to submit timely statements or other required information.

## Premiums

Premiums are determined by the insurance age of the veteran, the outstanding balance of the mortgage at the time of application, and the remaining length of time the mortgage has to run. Veterans who desire insurance will be advised of the correct premium when it is determined.

Premiums ***must*** be paid by deduction from the veteran's monthly compensation or pension payments, if the veteran is receiving such payments. If such payments are not being received the veteran may make direct payments, on a monthly, quarterly, semiannual, or annual basis, to the VA Insurance Center in Philadelphia, Pennsylvania.

### **VMLI Program:**

Opened \_\_\_\_\_ August 11, 1971

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Number of Members Covered	3,518
Average Face Amount per Member	\$57,046
Average Attained Age	50.1
Average Annual Death Rate	42.6 per 1,000
Total Face Amount in Force	\$200,689,114

**QUESTIONS?**

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# Servicemembers' Group Life Insurance

## SGLI

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### History Of The SGLI Program

The Servicemembers' Group Life Insurance (SGLI) program was established in 1965, for Vietnam Era servicemembers. SGLI is supervised by the Department of Veterans Affairs and is administered by the Office of Servicemembers' Group Life Insurance (OSGLI) under terms of a group insurance contract. This program provides low-cost term insurance protection to servicemembers.

### Eligibility For SGLI

Full-time coverage is available for:

- Commissioned, warrant and enlisted members of the Army, Navy, Air Force, Marine Corps and Coast Guard
- Commissioned members of the National Oceanic and Atmospheric Administration and the Public Health Service
- Cadets or midshipmen of the four United States Service Academies
- Ready Reservists scheduled to perform at least 12 periods of inactive training per year.

Part-time coverage is available for eligible members of the Reserves and ROTC who do not qualify for full-time coverage.

The participation rate for policy year 1999 was 97.6% for active duty and 93.5% for Ready Reserve.

### Coverage Amounts

The SGLI program provides up to \$200,000 of life insurance coverage. This coverage is:

- Automatic at the time of entry into a period of active duty or reserve status.
- Available in \$10,000 increments up to the maximum of \$200,000 of insurance.

Members may decline coverage or may elect reduced coverage. If such a member later wishes to obtain or increase coverage, proof of good health will be required.

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## Coverage Periods

Full-time coverage is effective:

- throughout a member's period of active duty or qualifying reserve status.
- for a 120-day free period following separation or release from active duty or reserve status.
- for up to one year for members who are totally disabled at the time of separation. This is free coverage and must be applied for to the OSGLI after separation.

Part-time coverage is effective:

- only on the days of active duty or active duty for training and for periods of travel to and from such duty.
- for a free period of 120 days if a member under part-time coverage incurs a disability or aggravates a preexisting disability while performing a period of duty.

## SGLI Premiums Rates

Premium rates for SGLI coverage are as follows:

**Active duty members and Ready Reservists** - 8 cents *per month* per \$1,000:

<b><i>Monthly Premium Rates: Active Duty and Ready Reservists</i></b>				
	<b><u>\$200,000</u></b>	<b><u>\$150,000</u></b>	<b><u>\$100,000</u></b>	<b><u>\$50,000</u></b>
All Ages	\$16.00	\$12.00	\$8.00	\$4.00

Note: All premiums shown are accurate as of January 2000, but are subject to change.

**Part-time** coverage - 10 cents *per year* per \$1,000:

<b><i>Annual Premium Rates: Part Time</i></b>				
	<b><u>\$200,000</u></b>	<b><u>\$150,000</u></b>	<b><u>\$100,000</u></b>	<b><u>\$50,000</u></b>
All Ages	\$20.00	\$15.00	\$10.00	\$5.00

## Beneficiary Selection

Any **beneficiary** can be named. If none is selected, the insurance is distributed, by law, in the following order:

- 1) spouse, or
- 2) children, or
- 4) executor of estate, or
- 5) other next of kin.

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3) parents, or

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## Options For Payment Of Policy Proceeds

SGLI proceeds can be paid in a lump sum *or* over a 36-month period.

If the proceeds are to be paid in a lump sum then beneficiaries of SGLI and VGLI will receive the payment of their insurance proceeds via an “**Alliance Account**”. Rather than the traditional single check for the full amount of insurance proceeds, the beneficiary now receives a checkbook for an interest bearing account from which the beneficiary can write a check for any amount of \$250 up to the full amount of the proceeds. The Alliance Account

- earns interest at a competitive rate
- is guaranteed by Prudential
- gives the beneficiary time to make important financial decisions while their funds are secure and earning interest
- gives them instant access to their money at all times

On November 11, 1998, the President signed legislation authorizing the payment of "**Accelerated Benefits**" in the SGLI and VGLI programs subject to the following:

- Terminally ill insureds will have access of up to 50 percent of the face amount of their coverage during their lifetime.
- This money will be available in increments of \$5,000.
- An insured must have a medical prognosis of life expectancy of 9 months or less.

## Insurance Options After Separation From Service

When released from active duty or the Reserve, members with full-time SGLI coverage can convert their coverage to Veterans Group Life Insurance *or* to an individual commercial life insurance policy with any one of 99 participating commercial insurance companies.

### **SGLI Program:**

Opened _____	September 29, 1965
Number of Members Covered _____	2,328,500
Average Face Amount per Member _____	\$184,660
Average Attained Age _____	30.5
Average Annual Death Rate _____	0.67 per 1,000
Total Face Amount in Force _____	\$429,981,500,000

**QUESTIONS?**

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# Veterans' Group Life Insurance

## VGLI

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### History Of The VGLI Program

In 1974, the Veterans' Group Life Insurance (VGLI) program became available. VGLI, like SGLI, is supervised by the Department of Veterans Affairs, but is administered by the Office of Servicemembers' Group Life Insurance (OSGLI). VGLI provides for the conversion of Servicemembers' Group Life Insurance to a five-year renewable term policy of insurance protection after a servicemember's separation from service.

### Eligibility For VGLI

Full-time coverage is available for the following members:

- Full-time SGLI insureds who are released from active duty or the Reserves.
- Ready Reservists who have part-time SGLI coverage, and who, while performing active duty or inactive duty for training for a period of less than 31 days, incur a disability or aggravate a preexisting disability that makes them uninsurable at standard premium rates.
- Members of the Individual Ready Reserve (IRR) and Inactive National Guard (ING).

### Coverage Amounts

VGLI is issued in multiples of \$10,000 up to a maximum of \$200,000 but not for more than the amount of SGLI coverage the member had in force at the time of separation from active duty or the reserves.

### VGLI Renewal

Members may renew their VGLI coverage under the following conditions:

- Members who have separated from service may renew their VGLI coverage for life in 5-year term periods.
- Members of the IRR or ING may renew their VGLI for additional 5-year term periods, as long as they remain in the IRR or ING.
- Rather than renew, a member also has the right at any time to **convert** VGLI to an individual commercial life insurance policy with any one of 99 participating commercial insurance companies.

### How To Apply For VGLI

QUESTIONS?

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VGLI applications are mailed to eligible members, generally within 60 days after separation and again shortly before the end of the 16-month application period. Applications are mailed to the address shown on the member's DD Form 214 or equivalent separation orders. ***It is the member's responsibility, however, to apply within the time limits, even if they do not receive an application in the mail.*** Applications should be mailed to The Office of Servicemembers' Group Life Insurance, 213 Washington Street, Newark, New Jersey 07102-2999.

## Time Limits To Apply For VGLI

To be eligible, a member must apply for VGLI within the following time limits:

- Ordinarily, a member must submit an application to the OSGLI with the required premium within 120 days following separation from service.
- If a member is *totally disabled* at the time of separation from active duty *and* is granted extended free SGLI coverage, he or she may apply for VGLI anytime during the one year period of extension.
- Individuals who are assigned to the IRR and ING have 120 days after assignment to apply, without evidence of good health, and one year after that with evidence of good health.
- If an application or the initial premium has not been submitted within the time limits above, VGLI may still be granted if an application, the initial premium and ***evidence of insurability*** (good health) are submitted to OSGLI within 1 year and 120 days following termination of SGLI. ***Applications will not be accepted after one year and 120 days.***
- An application for an incompetent member may be made by a guardian, committee, conservator or curator. In the absence of a court appointed representative, the application may be submitted by a family member or anyone acting on the member's behalf.

## Payment Of Premiums

Once the VGLI application is approved, the OSGLI will send the insured a certificate of coverage and a supply of monthly premium payment coupons.

Premiums may be paid:

- Monthly
- Quarterly
- Semiannually
- Annually
- By monthly allotment from military retirement pay
- By monthly deduction from VA compensation payments

## VGLI Premiums Rates

VGLI premium rates are determined by age group and amount of insurance. To lessen the high cost of term insurance at the older ages, a Decreasing Term Option is available, starting at age group 60 to 64.

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Under this option an insured pays a level premium for life, while the insurance amount declines by 25% for three subsequent five year renewals. At that point, coverage remains level at 25% of the original insurance amount.

VGLI premium rates for age groups under 50 were reduced in 1999 because of improved claims experience. Premium rates remained the same for those aged 50 and up.

- The new rates (shown in Table II) became effective with *new* policies issued on or after April 1, 1999.
- For those policyholders with *existing* coverage the new rates (Table II) go into effect on their policy **anniversary** date after April 1, 1999 (*not* the renewal date which is every 5 years from the issue date). Until that time the premium rates will remain as shown on Table I. For example, if a 40 year old insured has a \$200,000 policy with an issue date of January 1, 1999, the monthly premium is \$68.00. On the policy **anniversary** date, January 1, 2000, the premium will be reduced to \$48.00 per month (Table II).

**Table I**

VGLI Monthly Premium Rates ( <i>before</i> April 1, 1999)					
<u>Age</u>	<u>\$200,000</u>	<u>\$150,000</u>	<u>\$100,000</u>	<u>\$50,000</u>	<u>\$10,000</u>
	<u>0</u>				<u>0</u>
Thru 29	\$ 24.00	\$ 18.00	\$12.00	\$ 6.00	\$ 1.20
30 thru 34	40.00	30.00	20.00	10.00	2.00
35 thru 39	52.00	39.00	26.00	13.00	2.60
40 thru 44	68.00	51.00	34.00	17.00	3.40
45 thru 49	88.00	66.00	44.00	22.00	4.40
50 thru 54	130.00	97.50	65.00	32.50	6.50
55 thru 59	176.00	132.00	88.00	44.00	8.80
60 thru 64	*225.00	168.75	112.50	56.25	11.25
65 thru 69	300.00	*225.00	150.00	75.00	15.00
70 thru 74	450.00	337.50	*225.00	112.50	22.50
75 & Over	900.00	675.00	450.00	*225.00	45.00

\* Level Premium for Decreasing Term Option

**Table II**

VGLI Monthly Premium Rates ( <i>after</i> April 1, 1999)					
<u>Age</u>	<u>\$200,000</u>	<u>\$150,000</u>	<u>\$100,000</u>	<u>\$50,000</u>	<u>\$10,000</u>
					<u>0</u>
Thru 29	\$ 16.00	\$ 12.00	\$8.00	\$ 4.00	\$ .80
30 thru 34	24.00	18.00	12.00	6.00	1.20
35 thru 39	32.00	24.00	16.00	8.00	1.60

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40 thru 44	48.00	36.00	24.00	12.00	2.40
45 thru 49	84.00	63.00	42.00	21.00	4.20
50 thru 54	130.00	97.50	65.00	32.50	6.50
55 thru 59	176.00	132.00	88.00	44.00	8.80
60 thru 64	<b>*225.00</b>	168.75	112.50	56.25	11.25
65 thru 69	300.00	<b>*225.00</b>	150.00	75.00	15.00
70 thru 74	450.00	337.50	<b>*225.00</b>	112.50	22.50
75 & Over	900.00	675.00	450.00	<b>*225.00</b>	45.00

**\* Level Premium for Decreasing Term Option**

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## Beneficiary Selection

Any **beneficiary** can be named. If none is selected, the insurance is distributed, by law, in the following order:

- 1) spouse, or
- 2) children, or
- 3) parents, or
- 4) executor of estate, or
- 5) other next of kin.

## Options For Payment Of Policy Proceeds

VGLI proceeds can be paid in a lump sum *or* over a 36-month period.

If the proceeds are to be paid in a lump sum then beneficiaries of SGLI and VGLI will receive the payment of their insurance proceeds via an **"Alliance Account"**. Rather than the traditional single check for the full amount of insurance proceeds, the beneficiary now receives a checkbook for an interest bearing account from which the beneficiary can write a check for any amount of \$250 up to the full amount of the proceeds. The Alliance Account

- earns interest at a competitive rate
- is guaranteed by Prudential
- gives the beneficiary time to make important financial decisions while their funds are secure and earning interest
- gives them instant access to their money at all times

On November 11, 1998, the President signed legislation authorizing the payment of **"Accelerated Benefits"** in the SGLI and VGLI programs subject to the following:

- Terminally ill insureds will have access of up to 50 percent of the face amount of their coverage during their lifetime.
- This money will be available in increments of \$5,000.
- An insured must have a medical prognosis of life expectancy of 9 months or less.

### **VGLI Program:**

Opened _____	August 1, 1974
Number of Members Covered _____	363,660
Average Face Amount per Member _____	\$87,717
Average Attained Age _____	38.7
Average Annual Death Rate _____	2.71 per 1,000
Total Face Amount in Force _____	\$31,899,260,000

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***FOR INFORMATION ON CONTACTING OSGLI, PLEASE SEE PAGE 61.***

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# *Administered Program Policy Provisions*

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For policies directly administered by VA:  
USGLI, NSLI, VSLI, VRI, S-DVI  
(For information about the VMLI program,  
please see pages 23 and 24.)

For information about policies supervised by  
VA (SGLI and VGLI), please see pages 25-31  
and page 61.

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# ***PLANS OF INSURANCE***

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Some of the features of the different insurance plans are described below:

## **5-Year Level Premium Term**

- Available on all programs except "J," "JR," "JS"
- Renewable every five years
- May be converted to a permanent plan
- Provides low cost protection at younger ages but premiums increase substantially at the older ages
- Provides protection only and has no cash or loan values
- When premiums are not paid, the protection stops

## **Modified Life At Age 65**

- Available on all programs except "K"
- Can only be purchased before the insured attains insurance age 61
- Affords a permanent plan of insurance at the lowest possible premium payment
- Provides an automatic reduction by ½ of the face amount of the insurance on the day before the insured's 65th birthday. (The premium remains the same. The decreased amount of insurance may, without medical examination, be replaced with an Ordinary Life policy at an additional premium by making application no later than the day before the insured's 65th birthday.)

## **Modified Life At Age 70**

- Available on all programs except "K"
- Has the same provisions as the Modified Life at Age 65 plan, except that reduction happens on the day before the insured's 70th birthday
- Conversion to this plan can be made through insurance age 69

## **Ordinary Life ("Whole Life")**

- Available on all programs
- Premiums remain constant
- Premiums are payable for the lifetime of the insured

## **30-Payment Life**

- Available on all programs
- Slightly higher premiums than on Ordinary Life
- Premiums are payable for 30 years from the effective date of the policy

**QUESTIONS?**

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**Visit our Website:**

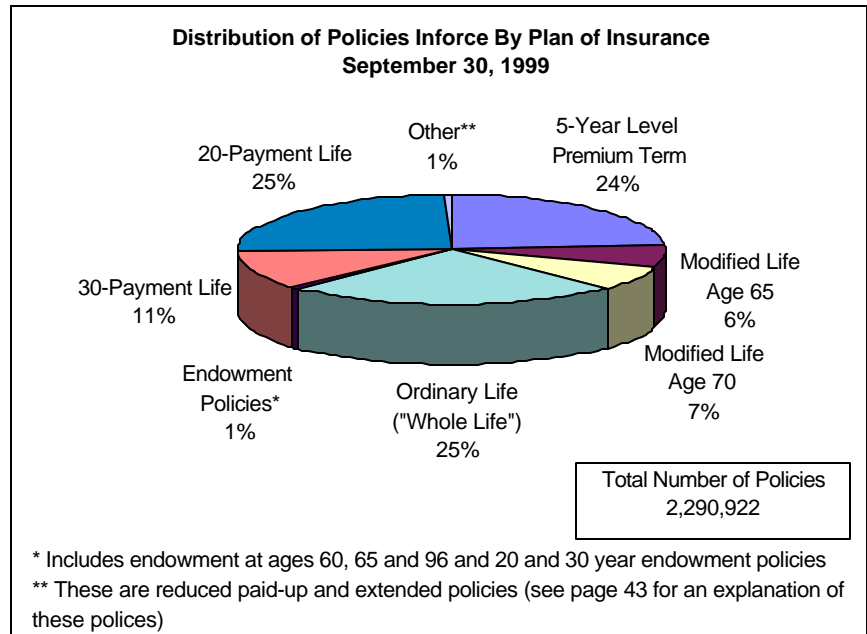
**[insurance.va.gov](http://insurance.va.gov)**

## 20-Payment Life

- Available on all programs
- Higher premiums than on 30-Payment Life
- Premiums are payable for 20 years

## 30-Year Endowment

- Available on the "K" program only
- Premiums payable for 30 years from the effective date of the policy
- Provides for payment of the face amount of the policy (less any indebtedness) to the policyholder at the end of the 30 years
- Policy proceeds paid in lump sum or on an installment basis



## 20-Year Endowment

- Available on all programs
- Same as 30-Year Endowment except premiums are payable for 20 years

## Endowment At Age 60

- Available on all programs except "K"
- Provides for the payment of the face amount (less any indebtedness) on the anniversary date nearest the insured's 60th birthday

## Endowment At Age 65

Same as Endowment at Age 60 except proceeds payable on the anniversary date nearest the insured's 65th birthday

## Endowment At Age 96

- Available to "K" policyholders, age 65 or older, who were still carrying insurance under the term plan
- Regular endowment plan maturing at age 96 with a level premium from the date of issue
- Does not provide permanent and total disability benefits, or waiver of premium

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- Provides a waiver of premiums provision to be purchased for an additional premium at the time the insurance was exchanged

**QUESTIONS?**

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# PAYMENT OF PREMIUMS

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## Methods Of Payment

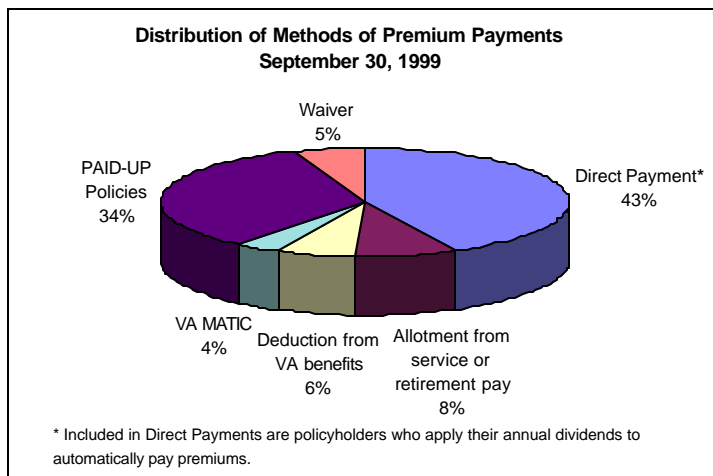
An insured has several options for paying premiums:

- Direct payment (a check or money order payable to the Department of Veterans Affairs)
- Allotment from service or retirement pay (if they are receiving military pay)
- Deduction from VA benefits (if they are receiving VA pension or compensation)
- Deduction from the insured's checking account (VA MATIC)

\* Paying premiums by allotment, deduction or VA MATIC protects against lapse. These options also save premium payment costs such as checks or money orders and postage.

- Applying annual dividends to automatically pay premiums.

\* Insureds who apply their dividends to pay premiums also receive the same lapse protection and payment savings, provided their dividend is sufficient to pay the full annual premium. If it is not, the insured is billed for the difference.



## Other Payment Options Available

An insured may provide for advance premium payments to be made quarterly, semiannually, annually, or as far in advance as the insured wishes. Insureds who pay premiums in advance benefit from:

- a premium discount
- a reduction of the insured's risk of lapse due to non-payment of premiums, and
- a savings in premium payment costs.

## Premium Due Dates

Premiums are due the same day of the month as the day the policy became effective as shown on the insurance policy (called the "anniversary date"). If the policy was effective on the first day of the month, premiums are due on the first day of the month. For any month not having a date corresponding to the effective date of a policy (i.e., 29th, 30th, or 31st), the due date is always the last day of the month.

## Grace Period

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Insureds are allowed 31 days after the due date to pay any premium except the first one. If the insurance becomes a claim (insured dies) during the grace period, the unpaid premium will be deducted from the amount payable to the beneficiary.

**QUESTIONS?**

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# WAIVER OF PREMIUMS

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## Waiver Of Premiums

A ‘*waiver of premiums*’ provision is available, at no extra cost, on the following policies:

- NSLI
- USGLI (except endowment at age 96)
- VSLI
- VRI
- S-DVI policies (except supplemental S-DVI coverage)

Currently, there are 125,323 accounts on which premiums are being waived (5.5 percent of all accounts.)

## Eligibility For Waiver Of Premiums

To qualify for a waiver of premiums:

- The insured must have a mental or physical disability which prevents him or her from performing substantially gainful employment.
- The total disability must begin **before** the insured’s 65th birthday, and must continue for at least six consecutive months.
- The total disability may not begin prior to the effective date of the policy. (Exception: waiver may be granted if total disability commenced prior to the effective date only on S-DVI policies, **provided** it is due to a service-connected disability.)

## Application For Waiver Of Premiums

To apply for a waiver of premiums an insured should:

- File VA Form 29-357, *Claim for Disability Insurance Benefits*. (However, any communication which shows intent to apply for the benefit, either expressed or implied, will be accepted as an informal claim.)
- File promptly because, in most cases, premiums can only be waived up to one year prior to receipt of a claim. The only instance when premiums can be waived beyond one year is if the evidence shows circumstances beyond the insured’s control prevented the filing of a timely claim. This usually means a mental disability.

Once waiver is granted, it is subject to review at regular intervals. The waiver can be terminated at any time if the insured returns to gainful employment, recovers from his or her disability, or fails to cooperate in the review procedure.

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1-800-669-8477

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[insurance.va.gov](http://insurance.va.gov)

For more detailed information, see VA pamphlet 29-14 (revised January 1979), *Information About Waiver Of Premiums And Total Disability Income Provision*.

**QUESTIONS?**

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# DIVIDEND OPTIONS

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Dividends are paid on the following programs:

- United States Government Life Insurance (“K”)
- National Service Life Insurance (“V”)
- Veterans’ Special Life Insurance (“RS” and “W”)
- Veterans’ Reopened Insurance (“J,” “JR” and “JS”)

## Dividend Options Available

A policyholder may choose from several dividend options which are available:

- **Cash:** Paid to policyholder by U.S. Treasury check
- **Credit:** Held in an account for the insured with interest
  - Automatic unless the insured selects another option
  - Can be used to prevent policy lapse
  - Will be refunded upon the insured’s request
  - Will be included in the award to the beneficiary(ies) at the time of the insured’s death
- **Deposit:** Held in an account for insured with interest
  - Available only on permanent plan policies
  - Can be used, with the net cash value, to purchase reduced paid-up insurance, or extended insurance if the policy lapses - *except* for "K" or "JS" policies (see page 43 for more information about reduced paid-up and extended insurance)
  - Will be refunded upon the insured’s request
  - Will be included in the award to the beneficiary(ies) at the time of the insured’s death
- **Premium:** Applied to pay premiums in advance

### Dividend Credit and Deposit Rates

<u>Program</u>	<u>2000</u>
USGLI (K)	6.50%
NSLI (V)	7.50%
VSLI (RS & W)	8.50%
VRI (J, JR, JS)	7.75%

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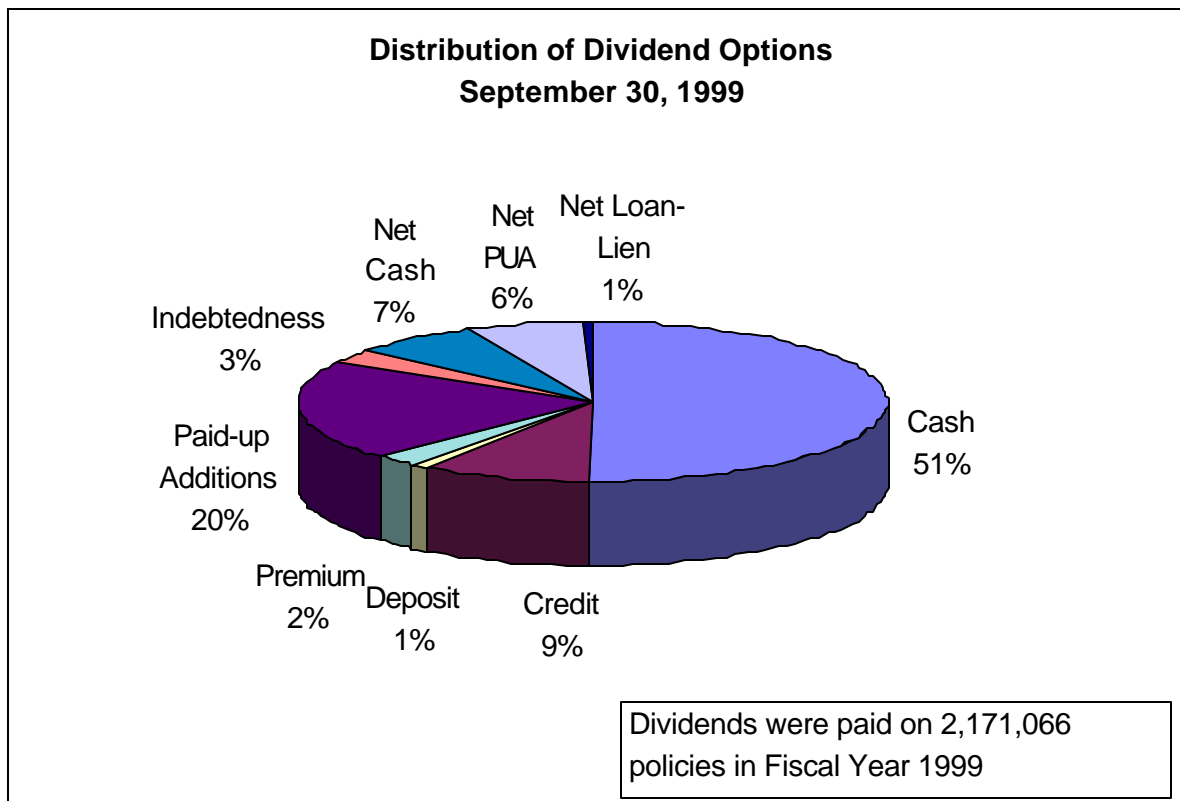
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- **Paid-up Additions (PUA'S):** Used as a net single premium to purchase additional paid-up insurance
  - Available only on "V," "RS," "W," "J," "JR" and "JS" policies
  - Will be whole life if the basic insurance is a term or whole life policy
  - Will be endowment if the basic insurance is an endowment policy

As of September 30, 1999, 682,732 policies have paid-up additions totaling \$8,194,549,517.

- **Indebtedness:** Applied toward a loan or lien on a policy
- **Net Cash:** Used to pay an annual premium with any remainder paid to the policyholder under the cash option
- **Net PUA:** Used to pay an annual premium with any remainder used to purchase paid-up additional insurance
- **Net Loan-Lien:** Used to pay an annual premium with any remainder used to reduce an outstanding loan or lien



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## ***Dividend Hoax --- Don't Believe It***

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*False* dividend announcements which declare that Congress has recently passed a bill which entitles veterans and servicepersons to a dividend based upon their prior years of service, are part of a recurring problem of misinformation that dates back to 1965. Unfortunately, this misinformation unnecessarily raises the expectations of veterans and service personnel and detracts from our ability to serve our veterans.

The dividend "hoax", as we refer to it, had its origins in a special dividend that the Department of Veterans Affairs (VA), then known as the Veterans Administration, did pay to World War II veterans who had National Service Life Insurance policies. Approximately \$2.7 billion was paid in 1950 to over 16 million of these veterans under the "1948 special dividend."

Some time in 1965, the special dividend news announcements of 15 years earlier resurfaced and were mistakenly published by several newspapers. The special dividend had already been paid out to virtually all eligible government life insurance policyholders and there was no new special dividend. VA moved quickly to educate the news media, but some well-meaning individuals and organizations began to publish the announcements in smaller publications, newsletters and flyers. The actual scope of the original dividend became fictionalized and some publications declared the dividend available to all veterans (not just World War II) and even to those who never carried government life insurance while in the service. The latest rumor is that active servicepersons, reservists and persons separated within the last few years are eligible.

The 1948 special dividend program required veterans to apply for the payment. Over the years the dividend story has prompted hundreds of thousands of veterans and current servicemembers to write and "apply" for this benefit. Although the amount of letters has fluctuated, we have received as many as 15-20,000 inquiries per week about this dividend in the past. Because of the volume of these requests for a nonexistent benefit, Congress passed a law in 1970 that prohibited payment of any special dividend declared prior to 1952 unless the application was received before 1954. There has been no recent legislation authorizing any "special" dividends.

Dividends are *not* payable to current servicemembers insured under Servicemen's Group Life Insurance (SGLI) or Veterans' Group Life Insurance (VGLI). SGLI and VGLI are group policies and therefore, do not pay dividends.

For your information, VA continues to pay routine dividends on several policy series, but *only* to veterans who have kept their policies in force. These veterans receive their dividends *automatically* on the anniversary date of their individual policy. They do *not* have to apply.

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The following is an example of a typical application for this special dividend:

H  
O  
A  
X

GOVERNMENT OWES VETERANS MONEY		
A bill passed in Congress gives Veterans a dividend of 55 cents to \$1,000 of their G. I. Insurance for each month of service. This is regardless of whether or not you still carry this insurance. You will not receive this dividend unless you ask for it. The Veterans Administration urges you to apply regardless of whether you had insurance or not. They will check for you.		
Years of Service	2 years	\$264
	3 years	\$316
	4 years	\$528
Veterans Center P.O. Box 8075 Philadelphia, PA 19101		
Include Your:		
Name _____		
Address _____		
GI Insurance No. _____	(if known)	Birthdate _____
Branch of Service _____		Service Number _____
Enlistment Date _____		Discharge Date _____
*****IF YOU KNOW OF ANY VETS - PASS THE WORD*****		
I would like to take advantage of the G.I. Insurance Dividend now being offered to Veterans. Please send any monies that I qualify for to the address below:		
Respectfully:		
Name _____		
Address _____		
Date _____		
*****IF YOU KNOW OF ANY VETS - PASS THE WORD*****		

H  
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X

This is the response which VA sends to a veteran who submits such an application for this “special dividend”:

<p>A false and misleading rumor sweeping the nation is plaguing us at the Department of Veterans Affairs and leading thousands of veterans such as you to write us requesting dividends on insurance that you may have had in force while on active duty in the U.S. Armed Forces.</p> <p><b>Congress did not pass any new law giving veterans a dividend based on the amount of months their insurance was in force while on active duty. The information you received regarding such a dividend is a hoax.</b></p> <p>Also false is the rumor that individuals who are currently serving or who served in the military after 1965 and are or were insured under the SGLI (Servicemen’s Group Life Insurance) program are entitled to a refund. There have never been any dividends, rebates or refunds due to surplus funds in the SGLI program.</p> <p>You can help us to eliminate these rumors by passing this information along to any of your friends or to any veterans’ group to which you belong.</p> <p>Thank you.</p> <p>Department of Veterans Affairs</p>	<p>SGL 300 Ed 2/93</p>
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# ***TOTAL DISABILITY INCOME PROVISION (TDIP)***

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## **Availability Of Total Disability Income Provision**

The ‘*total disability income*’ provision could be added to a basic policy. The applicant had to be in good health and apply before their **55th birthday**. It provides for monthly payments to be paid to an insured starting on the first day of the seventh month of his or her continued total disability. Payments continue as long as the total disability continues.

This provision was available on all NSLI policies, *except* S-DVI (“RH”) and VRI (“JR” and “JS”).

As of September 30, 1999, there were 25,281 NSLI and USGLI accounts with the Total Disability Income Provision. Total disability income benefits are currently being paid on 23,913 accounts.

## **Application For Total Disability Income**

To apply for this benefit, an insured must submit proof of total disability. If there is a delay in submitting proof, no payment will be made for any month earlier than 6 months before the submission of such proof.

There are 3 types of ‘Total Disability Income’ Provisions:

- 1) **\$5 Age 60 Provision** (Issued from August 1, 1946 to November 1, 1958)
  - Provides a monthly payment of \$5 for each \$1,000 of insurance. Total disability must start before the insured’s 60th birthday.
  - Currently being paid on 571 accounts.
- 2) **\$10 Age 60 Provision** (Issued from November 1, 1958 to January 1, 1965)
  - Provides a monthly payment of \$10 for each \$1,000 insurance. Total disability must start before the insured’s 60th birthday.
  - Currently being paid on 3,787 accounts.
- 3) **\$10 Age 65 Provision** (Became available on January 1, 1965)
  - Provides a monthly payment of \$10 per \$1,000 insurance. Total disability must start before the insured’s 65th birthday.
  - Currently being paid on 19,555 accounts.

If an insured is totally disabled they are also entitled to a waiver of premiums on the basic contract and the disability rider. Payment of monthly income benefits under the TDIP may be concurrent with, or independent of, the total permanent disability benefits under the basic contract for all USGLI policies.

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# GUARANTEED VALUES

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An important feature of permanent plan policies is that the premiums the policyholder pays build up a reserve (cash) value. This provides the policyholder with extra protection and more financial flexibility. Permanent plan policies have the following guaranteed values:

- **Cash Value**

The cash value is the reserve plus any dividends held on deposit less any indebtedness. Policyholders should **first** consider the alternative of taking a policy loan, since policies which are surrendered for cash **cannot** be reinstated.

After premiums have been paid or waived for at least one year, the policyholder may apply for the cash value by submitting a completed VA Form 29-1546, *Application for Cash Surrender Value or Policy Loan*, or a written request stating the insured's wish to surrender the policy for the cash value.

- **Loan Value**

Policy loans may be granted up to 94 percent of the cash value, less any indebtedness. We suggest applying for a policy loan rather than the cash surrender value if a policyholder needs cash and the policy is not lapsed. After premiums have been paid or waived for at least one year, the policyholder may apply for a loan by submitting VA Form 29-1546, *Application for Cash Surrender Value or Policy Loan*, or a written request for a policy loan clearly specifying the amount desired.

- **Extended Insurance**

A permanent plan policy that lapses after being in force for at least three months will automatically be extended as term insurance. Under this insurance the policyholder will be protected for a limited period of time as determined by the amount of the net cash value of the policy. The amount of the extended insurance will be the face amount of the policy less any indebtedness.

- **Reduced Paid-Up Insurance**

A policyholder may use the net cash value (cash value minus any indebtedness) to buy a reduced amount of paid-up insurance if the policy is not lapsed. This insurance will remain in force for the life of the policyholder, or to the end of the endowment period. No further premium payments are required. The cash value continues to increase, dividends continue to be earned, and the policyholder may cash surrender the paid-up insurance or obtain a loan on it at any time.

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# CONVERSIONS

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## Advantages Of Converting To A Permanent Plan

Term insurance is attractive at young ages because it gives low-cost financial protection. However, at the older ages it becomes very expensive making the premiums difficult to pay. Policyholders who want permanent insurance protection at the older ages, should consider converting to a permanent plan of insurance at as young an age as possible. Although the premium rates are initially higher than for term policies issued at the same ages, permanent plan premiums stay the same throughout the life of the policy.

Policyholders who are considering converting to a permanent plan should consider the following:

- Their present and future needs for life insurance
- Their ability to pay present or future premiums
- The earlier they convert to a permanent plan, the lower the premium will be  
(Permanent plans which are available for conversion from a term plan are discussed on pages 34 and 35.)

## Application For Conversion

A policyholder can apply for conversion by submitting VA Form 29-0152, *Application for Conversion*, or a written request for conversion specifying the plan desired and the amount of insurance to be converted.

If the term policy is lapsed but eligible for reinstatement, the policyholder must apply for reinstatement and meet health requirements. The applications for reinstatement and conversion should be submitted at the same time.

Term insurance may be converted to permanent plan insurance in multiples of \$500 but not less than \$1,000. A policyholder can convert either a portion of their term coverage or the total amount.

## Payment Of Premiums

If the policyholder pays by **check**, at least one monthly premium for the new plan should accompany the conversion application.

If premiums are paid by **deduction** from VA benefits, **allotment** from service or retired pay, or by **deduction** from the insured's checking account (VA MATIC), VA will take care of any change in

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deduction or allotment which is needed. If the new premium exceeds the amount available by deduction or allotment, future premiums must be paid by check or other remittance.

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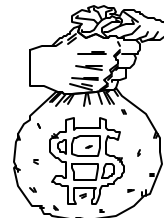
# POLICY LOANS

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Policy loans are available on permanent plans of insurance.

- The policyholder can take **up to 94%** of the reserve value of their policy less any indebtedness.
- The policy cannot be lapsed, and premiums must be paid or waived at least one year before a policy has loan value.



## Loan Interest Rates

Changes in loan interest rates are made on October 1 of each year if warranted.

- Rate changes are tied to the “ten year constant maturities”, U.S. Treasury securities index.
- Rates may be adjusted annually to keep pace with investment conditions.
- As of November 2, 1987, all new policy loans have a variable interest rate with a **minimum** rate of 5% and a **maximum** rate of 12%.

The **current** loan interest rates interest rate for adjustable rate loans is **5%** (at least until September 30, 2000.)

Interest Rates on NSLI Policy Loans*	
Prior to Jan. 11, 1971	4%
Jan. 11, 1971 - Jul. 28, 1981	5%
Jul. 29, 1981 - Nov. 1, 1987	11%
Nov. 2, 1987 - Sept. 30, 1992	8%
Oct. 1, 1992 - Sept. 30, 1993	7%
Oct. 1, 1993 - Sept. 30, 1995	5%
Oct. 1, 1995 - Sept. 30, 1998	6%
Oct. 1, 1998 - Sept. 30, 2000	5%

**\*Interest on USGLI ("K" prefix) loans is fixed, by law, at 5%.**

## Applying For a Policy Loan

A policyholder can apply for a loan by filing VA Form 29-1546, *Application for Policy Loan*. This application can either be **faxed** to (215) 381-3580 or **mailed** to:

Department of Veterans Affairs  
Regional Office and Insurance Center

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P.O. Box 7327  
Philadelphia, Pennsylvania 19101

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# ***PAID-UP ADDITIONAL INSURANCE***

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## **Availability Of Paid-Up Additional Insurance (Paid-Up Additions)**

Since July 1, 1972, National Service Life Insurance (NSLI) policyholders with participating policies can apply their annual dividends to purchase paid-up additional insurance (PUA). Paid-up additions are available on the following programs:

- National Service Life Insurance (“V”)
- Veterans’ Special Life Insurance program ( “RS” and “W”)
- Veterans’ Reopened Insurance program ( “J,” “JR” and “JS”)

Legislation (Public Law 102-86) also permitted policyholders to use dividend credit and deposit monies to purchase paid-up additions during a one year open season between September 1, 1991, and August 31, 1992. The same law allows the Secretary of Veterans Affairs to declare open seasons in the future.

Annual Insurance Policy Statements are mailed to policyholders each year on the anniversary date of their policy. In addition to various policy information, the annual statement reflects any new paid-up addition credited to the policyholder's account. (See page 48 for more information on the Annual Insurance Policy Statement.)

## **Paid-Up Additional Insurance: A Way Of Increasing Coverage**

Purchasing paid-up additions is the only way policyholders can increase their coverage (except for supplemental RH). It is therefore, a very popular dividend option. Approximately 683,000 policies have paid-up additions, representing \$8.2 billion of extra coverage.

Paid-up additions have cash and loan values, and earn dividends which automatically purchase more paid up coverage.
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## **How PUA Works**

If an insured chooses this option, his or her annual dividend is automatically applied as a single premium to purchase an amount of paid-up insurance. The amount of paid-up insurance is determined by:

- the age of the policyholder, *and*
- the plan of basic insurance in force, *and*
- the amount of the dividend.

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The following table illustrates the amount of paid-up additional insurance which can be purchased using the same dividend amount but at different attained ages:

Attained Age	Dividend Amount	Amount of Whole Life PUA Purchased	
		“V”, “K”, “RS”, “W”, “J”	“JR”, JS”
60	\$300	\$695	\$607
65	\$300	\$594	\$533
70	\$300	\$517	\$477

The paid-up additional coverage purchased is of the same type as the basic coverage:

If the basic coverage is:	the PUA coverage purchased is:
endowment	paid-up endowment insurance which matures at the same time as the basic contract
all other plans (including term)	paid-up whole life insurance

The PUA dividend option is especially desirable for:

- **Disabled policyholders** who often cannot obtain commercial life insurance, or must pay high premiums for coverage. In many cases, this is the only means by which they can obtain additional life insurance.
- **Policyholders who do not need extra coverage but want to lower their premiums** by periodically reducing their basic insurance as new paid-up additions are purchased. (They keep the same amount of coverage but pay premiums on a smaller portion of that coverage.)
- **Term policyholders** whose premiums continue to rise as they become older.

Since the PUA dividend option first became available in July 1972, an NSLI policyholder (age 73) with a \$10,000 Ordinary Life policy issued in 1945 could have purchased \$42,290 of extra coverage.

## Changes In PUA Amounts And Cost

Because reserves on paid-up additions had earned higher interest rates, the following changes were made at no cost to the policyholders:

- Since 1987, existing paid-up additions were automatically increased by approximately 25 percent overall. The increase for individual policies depended on the policyholder’s age and plan of insurance.
- The cost of purchasing paid-up additions with annual dividends was lowered by approximately 25 percent.

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# ANNUAL INSURANCE POLICY STATEMENT

The Annual Insurance Policy Statement provides an insured with information about their VA insurance including:

- The type of policy and effective date of the policy
- Amount of insurance (Basic and Paid-Up Additions)
- Cash and loan values
- Outstanding indebtedness
- Premium information
- Dividend information
- Date of the latest beneficiary designation

An Annual Statement is mailed to the insured on the policy anniversary date of each policy.

THIS IS NOT A BILL					
 Department of Veterans Affairs		ANNUAL INSURANCE POLICY STATEMENT			
POLICYHOLDER	FILE NUMBER	POLICY NUMBER		MAILING DATE	
JOHN Q VETERAN	F V 0000 00 00	V 0000 00 00		12/27/99	
2000 POLICY INFORMATION					
PLAN	ORDINARY LIFE Effective Date 01/01/84 Basic \$10,000 Paid-Up Additions - Whole Life - \$ 1,409 TOTAL COVERAGE - \$ 11,409				
CASH/LOAN VALUES	Values As Of 01-31-00 Basic Policy Value \$ 4,083.50 Paid Up Additions \$ 797.37 Less Indebtedness - \$ 0.00 TOTAL CASH VALUE = \$ 4,880.87 Loan value is shown for the total insurance since loans are granted on the total insurance amount. TOTAL LOAN VALUE - \$ 4,588.02				
PREMIUMS	Basic	Premium \$341.40	Mode Annual	How Paid Direct	Credit or Shortage \$0.00
OTHER DATA					
A.	Current option: NET PUA				
DIVIDEND OPTION	Your 2000 dividend of \$378.95 paid 12/27/99 was applied under the Net PUA option. A letter regarding payment of this dividend was sent under separate cover. INSURANCE DIVIDENDS ARE NOT SUBJECT TO FEDERAL INCOME TAX				
B.	On February 16, 1999, Secretary Togo D. West Jr. announced that VA has completed the Year 2000 renovation of all its critical software applications. That includes the computer support for compensation and pension, vocational rehabilitation, education, and loan guaranty, as well as insurance payments.				
C.	<b>Would you like to pay premiums by monthly deductions from your checking account? Call us to find out more about VA MATIC.</b>				
D.	The current loan interest rate is 5% variable. This rate will remain in effect until October 1st, when it is subject to change. To apply for a loan, send a request with your signature to: P.O. Box 7327, Philadelphia, PA 19101-7327				
BENEFICIARY INFORMATION					
Your last beneficiary designation of record was made in 1974. Enclosed is a form to update your beneficiary.					

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<b>If you have any questions, call us toll-free at 1-800-669-8477</b>		
VA FORM JAN 1994	<b>29-0258</b>	

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# ***BENEFICIARY AND OPTION DESIGNATIONS***

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## **Beneficiary Selection**

An insured may select *any* person, firm, corporation or other legal entity (including his or her estate) as beneficiary, either individually or as trustee. If no beneficiary survives the insured, payment is made to the insured's estate in one sum. The insured also has the right to select how the insurance proceeds will be paid to his or her beneficiary(ies).

## **The Insured Has The Right To Name And Change A Beneficiary**

The insured is the sole owner of his or her policy. This ownership means:

- The insured can at any time change his or her beneficiary(ies), without the knowledge or consent of the current beneficiary(ies).
- A state court order, property settlement, or divorce decree cannot compel an insured to name or change his or her beneficiary(ies).
- Ownership of the policy may not be transferred to any other person or entity, including a trust. *However, a trust may be designated as beneficiary.*
- A beneficiary change **cannot** be made by Last Will and Testament.
- A beneficiary designation should not contain language which restricts the insured's right to change the beneficiary, or remove the insured as owner of the insurance policy.

## **Settlement Options Available For Payment Of Policy Proceeds**

The insured has the right to select how the insurance proceeds will be paid to his or her beneficiaries. An option change **can** be made by Last Will and Testament. Most VA Forms contain a preprinted "1" (lump sum) in the option block because most insureds choose this option. If the insured wants the beneficiary to receive monthly installments rather than a lump sum, the "1" must be crossed off and replaced by the desired option (2, 3 or 4). The settlement options available for payment of policy benefits are:

Option 1:	Lump sum payment for the face amount of the policy less any indebtedness.
Option 2:	Equal monthly installments with interest over 36 to 240 months. (The insured selects the number of monthly installments in multiples of 12, such as 36, 48, 60, 72, etc.)
Option 3:	A monthly life income with 120 payments guaranteed (240 for USGLI policies).
Option 4:	Equal monthly installments are made until the face amount of the policy less any indebtedness is paid. If the principle beneficiary lives beyond this period, payments continue throughout their lifetime.

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It should be noted that although payments under Option 3 may be higher than those under Option 4, if payments are being made under Option 3 and the principal beneficiary dies soon after the guaranteed payments are made, no further payments will be made to a contingent beneficiary, *even if* the full face amount of the policy less any indebtedness has not been paid. However, under option 4 payments would continue to the contingent beneficiary until the face amount of the policy has been paid.

## If A Beneficiary Dies Before Receiving The Insurance Proceeds

### General information:

If a beneficiary survives the insured but dies before he or she receives some or all of the proceeds, the following rules apply:

- If the proceeds were being paid under an installment option, and the beneficiary dies before all of the guaranteed installments are paid, the present value of the unpaid installments is payable in one sum to the insured's estate (NSLI policies) or to the estate of the last surviving beneficiary (USGLI policies).
- If the proceeds are payable in a lump sum payment, the proceeds are paid to the beneficiary's estate. To allow the proceeds go to the contingent beneficiaries in a "common disaster" situation, rather than to the principal beneficiary's estate, the phrase "provided the principal beneficiary survives me for \_\_\_ days" may be added. Any number of days up to a maximum of 30 may be shown.

### Special circumstances involving children of a beneficiary:

If the insured designated more than one principal beneficiary or designated both principal and contingent beneficiaries, the share of a beneficiary who predeceases the insured will be paid to the surviving beneficiaries according to the pre-printed phrase on the application "or to the survivor(s)". ***If this automatic distribution is not desired, the insured can cross it out or designate that the share of a deceased beneficiary go to that beneficiary's "issue" (children). This is referred to as a "per stirpes" distribution.*** These situations are illustrated below:

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instructions No. 5 on back)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2)	E. OPTION FOR EACH (1, 2, 3 OR 4)
<b>PRINCIPAL</b>				
<b>Ann Jones</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Daughter</b>	<b>1/2</b>	<b>1</b>
<b>Bill Smith</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Son</b>	<b>1/2</b>	<b>1</b>
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>None</b>				<b>1</b>
<b>OR TO SURVIVOR(S)</b>				
<b>5. REMARKS (Include any additional information which will clarify your intent regarding the payment)</b>				

An insured designates his children, Ann and Bill as his beneficiaries, each getting 1/2 of the insurance benefits. Ann has one child and Bill has two children. If Ann dies *before* the insured and *before* Bill then

IF the insured crossed out the phrase "or to the survivor(s)" and wrote "the share of a deceased beneficiary go to his or her children", then

- Ann's child will get half of the insurance benefits
- Bill will get half of the insurance benefits

(this is the ***"per stirpes" distribution***)

IF the insured ***DID NOT*** cross out the phrase "or to the survivor(s)" nor did he write "the share of a deceased beneficiary go to his or her children", then

Bill will get all of the insurance benefits

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

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of your insurance. Also, list the policy number of any other policy on which the beneficiary is not to be changed)

***In the event my children predecease me I would like their share to go to their children***

**QUESTIONS?**

**Call us Toll Free:**

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**Visit our Website:**

**[insurance.va.gov](http://insurance.va.gov)**

## **Designation Of Beneficiary And Optional Settlement (Completing the Form)**

It is important that the insured submit a properly completed and updated beneficiary and settlement option selection. If the insured is uncertain about his or her beneficiary and option designation, he or she can obtain the information from the Insurance Service in Philadelphia. The submission of a new designation, reflecting the insured's current intentions, will replace any prior designation for the same policy.

**QUESTIONS?**

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IMPORTANT - SEE INSTRUCTIONS ON REVERSE			OMB Approved No. 2900-0020 Respondent Burden: 10 minutes	
<b>Department of Veterans Affairs</b>		<b>DESIGNATION OF BENEFICIARY GOVERNMENT LIFE INSURANCE</b>		
DO NOT WRITE IN SPACE BELOW - FOR VA USE				
ENTERED BY VA	DATE RECORDED	SIGNATURE OF VA INSURANCE OFFICIAL		
1A. NAME OF INSURED AND MAILING ADDRESS FOR INSURANCE PURPOSES (Type or print)		2A. INSURANCE FILE NUMBER F <b>V 0000 00 00</b>		
<b>Mr. John Smith</b> (First, middle, last name)		2B. SOCIAL SECURITY NUMBER <b>000 00 0000</b>		
<b>123 Any Street</b> (Number and street or rural route)		3. DAYTIME TELEPHONE NUMBER (Include Area Code) <b>(000) 000-0000</b>		
<b>AnyWhere, U.S.A 00000</b> (City or P.O., State and ZIP Code)				
1B. IS THIS A CHANGE OF ADDRESS FOR YOUR INSURANCE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH (1, 2, 3 OR 4)
PRINCIPAL				
<b>Sally P. Smith</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Wife</b>	<b>ALL</b>	<b>1</b>
				1
				1
				1
OR TO SURVIVOR(S)				
CONTINGENT (Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")				
<b>Ann Jones</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Daughter</b>	<b>1/2</b>	<b>1</b>
<b>Bill Smith</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Son</b>	<b>1/2</b>	<b>1</b>
				1
				1
OR TO SURVIVOR(S)				
5. REMARKS (Include any additional information which will clarify your intent regarding the payment of your insurance. Also, list the policy number of any other policy on which the beneficiary is not to be changed)				
I understand that this change cancels all prior beneficiary and option selections; and unless indicated in Item 5, Remarks, this change applies to all Government Life Insurance policies under the above file number.				
6. SIGNATURE OF INSURED (Do not print) Mr. John Smith		7. DATE 1/1/00		
8. NAME AND ADDRESS OF WITNESS (Type or print) Sally P. Smith, 123 Any Street, Anywhere, USA 00000				
If you have any questions concerning designating a beneficiary, call us toll free at 1-800-669-8477.				
VA FORM 29-336 JAN 1999		SUPERSEDES VA FORM 29-336, OCT 1998, WHICH WILL NOT BE USED.		

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**

The following factors should be kept in mind when completing a beneficiary and option selection form:

- One beneficiary designation applies to all policies unless otherwise specified. VA Form 29-336, *Designation of Beneficiary and Optional Settlement* (dated June 1982 or later) does not contain a separate block to list the insured's policy numbers. Unless otherwise specified in the remarks block on these forms, a designation applies to all policies.
- Most VA Forms 29-336 contain a preprinted "1" (lump sum) as the option. If the insured wants the beneficiary to receive monthly installments rather than a lump sum, the "1" must be crossed off and replaced by the desired option (2, 3 or 4). If option 2 is selected, the number of monthly installments should be shown. Payments under this option are 36 to 240, in multiples of 12.
- A beneficiary change *cannot* be made by Last Will and Testament. (VA regulations do permit an **option selection** for all government life insurance policies to be made by Will.)
- Principal and contingent beneficiaries should be clearly differentiated on the form. Where the insured lists multiple principal or contingent beneficiaries, their shares should be clearly shown and should always add up to "1" (for example,  $\frac{1}{2} + \frac{1}{2}$ ).
- A beneficiary designation **must** be witnessed.

## Typical INCORRECT Beneficiary Designations

The following are examples of beneficiary designations which may **delay** payment of the insurance proceeds because the designations are **unclear**:

- How did the insured intend for his children to share the proceeds in the following designation?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or 3/4)	E. OPTION FOR EACH (1, 2, 3 or 4)
<b>PRINCIPAL</b>				
<b>Ann Jones</b> <b>123 Any Street</b> <b>Anywhere, USA</b> <b>00000</b>	<b>000-00-0000</b>	<b>Daughte</b>	<b>ALL</b>	<b>1</b>
<b>Bill Smith</b> <b>123 Any Street</b> <b>Anywhere, USA</b> <b>00000</b>	<b>000-00-0000</b>	<b>Son</b>	<b>ALL</b>	<b>1</b>
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>Sally P. Smith</b> <b>123 Any Street</b> <b>Anywhere, USA</b>	<b>000-00-0000</b>	<b>Wife</b>	<b>ALL</b>	

- If the insured wanted his children to share equally he should have written " $\frac{1}{2}$ " for each child in the SHARE TO EACH block.
- If the insured wanted Ann to be the principal beneficiary and Bill to be the contingent, then Bill's information should have been written in the contingent portion of the application.

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<b>00000</b>				
OR TO SURVIVOR(S)				<b>1</b>

**QUESTIONS?**

**Call us Toll Free:**  
**Visit our Website:**

**1-800-669-8477**  
**insurance.va.gov**

- Who did insured intend as the principal beneficiary to receive the insurance proceeds?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH (1, 2, 3 OR 4)
<b>PRINCIPAL</b>				
<b>Sam Jones, Administrator for my estate 123 Any Street Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Friend</b>	<b>ALL</b>	<b>1</b>
<b>OR TO SURVIVOR(S)</b>				<b>1</b>
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				<b>1</b>

Did the insured intend the benefits go to his estate (with Sam Jones as the administrator for the estate) or to Sam Jones his friend (who just happens to be the administrator for the insured's estate)?

- If the proceeds were to go to his friend "Sam Jones" the insured should have written "Sam Jones" as the principal beneficiary.
- If the proceeds were to go to the insured's estate the insured should have written "My estate" as the principal beneficiary.

- VA cannot make a beneficiary use the benefits for any specific purpose designated by the insured.

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH (1, 2, 3 OR 4)
<b>PRINCIPAL</b>				
<b>James Jackson who will pay my funeral expenses 123 Any Street Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Friend</b>	<b>ALL</b>	<b>1</b>
<b>OR TO SURVIVOR(S)</b>				<b>1</b>
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				<b>1</b>

VA cannot make James Jackson pay the insured's funeral expenses. If the intent of the insured is to pay his own funeral expenses a better designation would be:

- "Funeral Director" as one principal beneficiary with the share "funeral bill only"
- and
- "James Jackson" as a second principal beneficiary with the share "remainder".

- According to the following beneficiary designation, did the insured intend for the proceeds to go to his friend, Ann Smith, or does the insured want Ann Smith to hold the proceeds for his minor aged children until they are of age?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH (1, 2, 3 OR 4)
<b>PRINCIPAL</b>				
<b>Ann Smith, Guardian for my children 123 Any Street Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Friend</b>	<b>ALL</b>	<b>1</b>
<b>OR TO SURVIVOR(S)</b>				<b>1</b>
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				

If the insured intended for the proceeds go to his children (including minors) a more clear designation would show:

- "My children" as the principal with "equal shares" written in the shares section.
- or
- Ann Smith, in trust for my children as the principal with "equal shares" written in the shares section.

Both these designations will ensure the proceeds are shared equally among ALL of the insured's existing children

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Visit our Website:

insurance.va.gov

Beneficiaries die before the insured. If none, write "none"				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				<b>1</b>

**QUESTIONS?**

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**1-800-669-8477**  
**insurance.va.gov**



## Insured's State Of Mind

The following rules apply when completing a beneficiary and option designation:

- **If it appears that the insured does not fully understand their actions or is not acting completely freely**, a statement from the witness or another party who is present will help VA to determine whether the designation is valid. The statement should be submitted to VA with the designation, and should list all pertinent details, including the insured's reason for making the beneficiary designation, if known. Lack of full understanding can be caused by mental illness, drugs or alcohol intoxication. Other factors such as duress or undue influence can result in the insured not acting freely in making the designation.
- **If an insured is incompetent**, his or her legal representative (guardian, conservator, etc.) may make a beneficiary designation on the insured's behalf with the authorization of a court order. Several states allow a court appointed guardian to change a designation without a court order. The Insurance Center can identify these states. If the designation can be made while the insured is lucid it should be done in the presence of a physician who should verify in writing that the insured had the capacity to understand the consequences of the action.
- **An insured or claimant can sign by a mark ("X") if:**
  - o the insured is unable to sign due to physical disability,
  - o the insured is of sound mind, AND
  - o the "X" is witnessed by two people not named on the designation.

### !!! Important Facts !!!

- ☑ **One Beneficiary Designation applies to all of your policies unless you specify otherwise.**
- ☑ **Make sure the distribution of shares equals 1 (e.g.  $\frac{1}{2} + \frac{1}{2}$ ).**
- ☑ **Be sure to have your Beneficiary Designation witnessed.**
- ☑ **A beneficiary change cannot be made by Last Will and Testament, but a settlement option change can.**
- ☑ **NOBODY can order the insured to change their beneficiary, including State Courts or Divorce Orders.**

FOR MORE DETAILED INFORMATION, SEE VA PAMPHLET 29-77-3 (REVISED MAY 1990),  
*FACTS ABOUT BENEFICIARY AND OPTION DESIGNATIONS.*

QUESTIONS?

Call us Toll Free:

1-800-669-8477

Visit our Website:

[insurance.va.gov](http://insurance.va.gov)

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# FILING DEATH CLAIMS

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All death claims, (except SGLI and VGLI), should be mailed *or* faxed to the Insurance Center in Philadelphia:

<b>Mailing Address:</b>	<b>FAX Number:</b>
<b>Department of Veterans Affairs</b> <b>Regional Office and Insurance Center</b> <b>P.O. Box 7208</b> <b>Philadelphia, Pennsylvania 19101</b>	<b>(215) 381-3561</b>

**OR**

## How To File A Claim

<b>If the beneficiary is:</b>	<b>He or she must file:</b>
a principal beneficiary	<ul style="list-style-type: none"> <li>• photocopy of death certificate showing date and cause of death of insured</li> <li>• Claim Form, VA Form 29-4125, <i>Claim for One Sum Payment</i><sup>1</sup></li> </ul>
a contingent beneficiary	<ul style="list-style-type: none"> <li>• death certificates for the insured and principal beneficiary(ies)</li> <li>• Claim Form, VA Form 29-4125, <i>Claim for One Sum Payment</i><sup>1</sup></li> </ul>
a representative of the estate	<ul style="list-style-type: none"> <li>• death certificate(s)</li> <li>• copies of letters testamentary, letters of administration, or a court order of distribution along with claims from the entitled parties<sup>2</sup></li> <li>• claim form signed by the executor or administrator of the estate</li> </ul>
a minor or incompetent	<ul style="list-style-type: none"> <li>• death certificate(s)</li> <li>• a claim from the next of kin, personal representative (guardian, custodian, etc.) or logical person to receive payment for the minor or incompetent</li> <li>• letters of guardianship, conservatorship, etc. (if any)</li> <li>• address of minor or incompetent</li> </ul>
filing for VMLI benefits	<ul style="list-style-type: none"> <li>• insured's death certificate</li> <li>• a payoff statement from the veteran's mortgage lender showing the outstanding mortgage balance owed as of the veteran's death</li> </ul>

<sup>1</sup>If the beneficiary wants monthly payments, he or she should use Claim Form, VA Form 29-4125k for USGLI policies OR VA Form 29-4125a for NSLI policies, *Claim for Monthly Payments* instead of the claim forms mentioned above. If a lifetime income option (3 or 4) is selected the beneficiary's birth certificate (or other official proof of age) must be submitted.

<sup>2</sup>If these are not available, a statement that there will be no administration of the estate, and VA Form 29-541, *Certificate Showing Residence and Heirs of Deceased Veteran*, must be filed.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**

**NOTE:**

- \* **Photocopies** of death certificates are acceptable.
- \* A letter claiming the proceeds and showing a mailing address for the check may be used instead of a VA claim form (29-4125, etc.). The claimant should be sure to show the insurance file number and to sign the letter.

**The following factors should be kept in mind when filing a death claim:**

- Most death awards are authorized by the Insurance Center within 10 days of receipt of the documents needed for payment.
- An insured's Will can be used as evidence that he or she intended a lump sum payment, regardless of when it was executed. The Will does not have to specifically mention USGLI or NSLI, nor must it be probated.
- If the award check is to be mailed to the claimant's bank account, the account number must be shown on the claim in addition to the name and address of the bank.
- A beneficiary may assign all or a portion of his or her share of the insurance to a restricted class of the insured's relatives.
- Any additional questions on filing a death claim please call **1-800-669-8477**.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**

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# **GRATUITOUS S-DVI**

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*(Policies Prefixed by "ARH")*

## **Eligibility Requirements For Gratuitous S-DVI**

Gratuitous Service-Disabled Veterans' Insurance (S-DVI) is granted posthumously to veterans who:

- Met the basic eligibility requirements for S-DVI (prefixed "RH"); and
- Did not apply for S-DVI because of a continued mental incompetence due to a service-connected disability; and
- Died before the appointment of a guardian or within two years of such appointment.

## **Application For Gratuitous S-DVI Benefits**

An application for payment of Gratuitous S-DVI must be received by VA within two years from the date of the veteran's death. However, if the person making the claim is mentally or legally incompetent at the time the right to apply for Gratuitous S-DVI expires, they may apply within two years after their incompetency ends.

## **Payment Of Gratuitous S-DVI**

Gratuitous S-DVI is granted in an amount which, together with any other United States Government Life Insurance (USGLI) or National Service Life Insurance (NSLI) in force, totals \$10,000. As of August 14, 1991, gratuitous S-DVI is payable to the beneficiary only as a lump sum payment.

**Payment of Gratuitous S-DVI is made to the following beneficiaries in the order named:**

- 1) To the widow or widower of the insured, if living. If not,
- 2) To the child or children of the insured, if living, in equal shares. If not,
- 3) To the parent or parents of the insured, if living, in equal shares.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[insurance.va.gov](http://insurance.va.gov)**



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# *How To Contact Us*

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# How to Get Information On Government Life Insurance

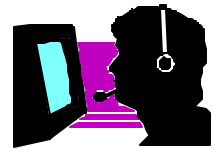
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There are several ways for a policyholder to contact VA about their Government Life Insurance. Besides the old fashioned letter in a mailbox, policyholders can contact the Insurance Center through a toll free 800 number, by facsimile, by e-mail and through the world wide web.

## Insurance Toll Free Service -- 1-800-669-8477

Customers calling the Insurance Toll Free Service can speak to an Insurance Specialist or use the Insurance Interactive Voice Response (IVR) System.



**Insurance Specialists** are available 8:30 AM to 6:00 PM (Eastern Time) Monday - Friday (*The best days to call are Wednesdays through Fridays*).

## Insurance Interactive Voice Response (IVR) System

The Insurance IVR system allows customers to access their own insurance records 24 hours per day, 7 days per week. The Insurance IVR system provides 4 basic functions for callers:

1. **Informational letters and forms:** By making a touch-tone input, callers can have the following letters and forms mailed to them:

Forms/Applications	Informational Letters/Statements:
Beneficiary Designation	Premium status letter
Application for a loan or cash surrender	Dividend status letter
	Loan and cash values letter
	Annual policy statement (shows current status and values of policy)

2. **Policy information:** Callers can hear detailed insurance policy information within three major categories:

- Dividends
- Loan and cash values
- General policy and premium information

3. **Voice mail:** During the hours when Insurance Specialists are not available, 6:00 PM to 8:30 AM (Eastern Time) on weekdays, and 24 hours per day on the weekends, callers can leave voice messages requesting information and service.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**

4. **Pre-recorded informational messages:** Callers also have the option to listen to pre-recorded information 24 hours per day, 7 days per week concerning a variety of insurance topics.

**QUESTIONS?**

**Call us Toll Free:**  
**Visit our Website:**

**1-800-669-8477**  
**[insurance.va.gov](http://insurance.va.gov)**



## Facsimile Service



Philadelphia:      Death Claims (215) 381-3561  
                            Loan and Cash Surrender Applications (215) 381-3580  
                            All Other (215) 381-3524

## Mailing Addresses for VA Administered Policies (USGLI, NSLI, VSLI, VRI, S-DVI, VMLI)



Department of Veterans Affairs  
Regional Office and Insurance Center  
P.O. Box (**SEE BOX BELOW FOR P.O. NUMBER**)  
Philadelphia, Pennsylvania 19101

For correspondence concerning:

- |   |                       |
|---|-----------------------|
| • Death, Insurance Disability Claims and VMLI Claims: | <b>P.O. Box 7208</b>  |
| • Loans and Cash Surrenders:                          | <b>P.O. Box 7327</b>  |
| • Premium and Loan/Lien Payments:                     | <b>P.O. Box 7787</b>  |
| • All Other Insurance Mail:                           | <b>P.O. Box 42954</b> |

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## Points of Contact for VA Supervised Policies (SGLI, VGLI)

If you are looking for information about the SGLI and VGLI programs and cannot find answers to your questions on the SGLI/VGLI portion of the Insurance web site you can call, e-mail or write to the Office of Servicemembers' Group Life Insurance (OSGLI). The OSGLI administers the SGLI and VGLI programs including the processing and payment of claims. OSGLI can be reached at:

Toll Free Telephone	1-800-419-1473
E-mail	osgli.osgli@prudential.com
Fax	1-973-643-8723
Correspondence	The Office of Servicemembers' Group Life Insurance 213 Washington Street Newark, New Jersey 07102-2999

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**

# VA Insurance Answers Now Available On The Internet

Veterans and their representatives can contact the VA Insurance Service by E-Mail to ask questions about their government life insurance. The Insurance Service can also be reached through the World Wide Web by accessing the Insurance portion of the VA's web site:

**E-Mail Address:**      **VInsurance@VBA.VA.GOV**

**World Wide Web:**      **insurance.va.gov**

Through the VA insurance web site, an insured can now:

The screenshot shows the VA Life Insurance Program website. At the top is a photo of World War II soldiers with the text "Department of Veterans Affairs Life Insurance Program". Below the photo is a caption: "Photo: November 26, 1942 - U.S. Troops Going Ashore in North Africa (Courtesy of Time Life Books/The American Story - World War II/Photograph from AP/Wide World Photos)". The main content area is divided into two columns of links. The left column includes: "Program Descriptions", "Questions About Your Policy", "Buying VA Life Insurance", "Downloading Insurance Forms", "What's New in VA Insurance?", "Request a Copy of your Annual Insurance Policy Statement", "On-Line Survey", "VA Regional Office and Insurance Center Philadelphia, PA", "E-Mail Us: VInsurance@vba.va.gov", "Call Us Toll-free: 1-800-669-8477 (Life Insurance) 1-800-827-1000 (Other Benefits)", "Department of Veterans Affairs Home Page", "Veterans Benefits Administration Home Page", "VA Privacy/ Policy Notices", "Disclaimer", "21820 visits since 6/25/99", and "Site Last Modified January 4, 2000". The right column includes: "Death or Disability Claims", "Dividend Options", "Special Dividend Rumor", "Does VA Owe You Money on an Insurance Policy?", "Servicemembers' Group Life Insurance and Veteran's Group Life Insurance", and "Government Life Insurance Handbook". Callout boxes point to various features: "view background descriptions on VA's life insurance" points to "Program Descriptions"; "ask questions about, or request an action be taken on, a Government life insurance policy" points to "Questions About Your Policy"; "get information about VA life insurance programs currently open to new issues" points to "Buying VA Life Insurance"; "download VA Insurance Forms such as Designation of Beneficiary, Application for Reinstatement, Claim for Disability Insurance Benefits, Application for Service-Disabled" points to "Downloading Insurance Forms"; "have a policy statement(s), which shows the complete status and value of a policy, mailed to them" points to "Request a Copy of your Annual Insurance Policy Statement"; "e-mail the insurance center with any questions concerning a life insurance policy" points to "E-Mail Us: VInsurance@vba.va.gov"; "get information on where to mail or fax a death or disability claim and how to file such claims" points to "Death or Disability Claims"; "get information on dividend options that are available" points to "Dividend Options"; "search a data base by name to determine if VA is holding unclaimed insurance funds. These are death awards, dividend checks and premium refunds that were mailed to policyholders but were returned to VA by the Post Office because they" points to "Does VA Owe You Money on an Insurance Policy?"; "view SGLI/VGLI Frequently Asked Questions and an on-line copy of the SGLI/VGLI handbook" points to "Servicemembers' Group Life Insurance and Veteran's Group Life Insurance"; and "view an on-line copy of the Government Life Insurance Programs handbook" points to "Government Life Insurance Handbook".

view background descriptions on VA's life insurance

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**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**insurance.va.gov**